

Brazil Accounts For Largest Rice

Production Increase



ECONOMIC RESEARCH SERVICE

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Projected as the fifth consecutive year of a record global rice crop, 2009/10 global production is forecast at 448.5 million tons (milled basis), up slightly from last month's forecast and 1 percent larger than 2008/09 production.

The largest 2009/10 production change this month was for Brazil. The crop was raised to a record 9.0 million tons from 8.5 million based on increased plantings and a record yield reported by the Government of Brazil.

Spain's 2009/2010 production forecast was raised 108,000 tons to 570,000 based on a higher area estimate reported by the government. Rice area in Spain was reported at 116,000 hectares, up about 20,000 hectares from both last month's forecast and 2008/09.

Iraq's 2009/10 production forecast was lowered 70,000 tons to 100,000 tons. The production decrease is due entirely to a 35,000-hectare reduction in area to 50,000 hectares.

The 2009/10 U.S. production forecast was lowered 8 percent to 7.04 million tons based on a lower yield resulting from excessive rainfall that delayed plantings in parts of the South. Finally, Taiwan's 2009/10 crop forecast was lowered 41,000 tons to 1.1 million based on information from the U.S. agricultural counselor in Taipei.

There were four 2008/09 production revisions this month. First, Brazil's production was raised 340,000 tons to 8.84 million due to expanded area and a higher yield.

Second, Uruguay's production was raised 35,000 tons to 875,000 based on a higher yield and slightly increased area. The yield of 8.01 tons per hectare is the highest on record and one of the highest in the world. In contrast, Argentina's production was lowered 44,000 tons to 780,000 due to reduced area and yield.

Global disappearance for 2009/10 was raised fractionally to a record 443.4 million tons, up 2 percent from the previous year. South Asia, Southeast Asia, and Sub-Saharan Africa account for the bulk of the projected increase in global disappearance in 2009/10, largely due to expanded production in each region.

The 2009/10 global ending stocks forecast was raised fractionally from last month to 95.0 million, up 6 percent from 2008/09 and the highest since 2002/03. Stocks remain well below the 2000/01 record of 146.7 million.

Global Rice Trade Projected To Increase 2 percent in 2010

Global trade for 2010 is forecast at 29.6 million tons, up fractionally from last month's forecast and 2 percent larger than this year. The only export revision for 2010 was a 50,000-ton increase in Brazil's exports to 450,000 tons, a result of larger supplies. On the import side, Iraq's imports were raised 75,000 tons to 1.075 million due to a drought-reduced crop. U.S. imports were raised 25,000 tons to a record 750,000 based on revised market year forecasts.

Several regional trade trends are evident. With domestic production increases forecast for nearly all of Asia, regional rice imports are projected to fall, especially for Southeast Asia – the largest importing market in Asia.

In contrast to Asia, the arid Middle East is projected to import a record 5.8 million tons of rice in 2010. Rice is not grown in most countries of the region due to climatic and water supply limitations. However, Iran, Iraq, and

Turkey are able to produce rice due to the presence of major river systems.

In South America, Brazil joins Argentina and Uruguay in a group of Southern Cone countries scaling up rice production and boosting exports. Brazil's 2010 exports are forecast up 50,000 from this year. Argentina is also projected to export 50,000 tons more rice in 2010, shipping 550,000 tons. Uruguay's 2010 exports remain forecast at this year's near-record high of 800,000 tons.

Thailand's Trading Prices Increase 4-10 Percent;

Vietnam and U.S. Prices Decline

Thailand's trading prices for high- and medium-quality grades of non-aromatic rice have increased 4-10 percent from a month earlier, largely because of a weaker dollar and tighter exportable supplies due to a delay in the release of government-held stocks and record government second-crop purchases.

The Government of Thailand has announced it will purchase 6.0 million tons of paddy from the second crop that is currently being harvested.

The Government of Thailand is projecting the 2008/09 second crop to be the largest on record.

Thailand's quoted prices are well above prices from other Asian sources, partly due to its rough-rice intervention program.

Prices for Thailand's high-quality, 100-percent Grade B (fob vessel, Bangkok) milled rice for export were quoted at \$581 per ton for the week ending June 8, up \$37 from the week ending May 11. Prices for 5-percent broken were quoted at \$560 per ton for the week ending June 8, up \$35 from the week ending May 11. Prices for Thailand's 5-percent parboiled rice—a specialty rice—were quoted at \$593 per ton for the week ending June 8, up \$56 from the week ending May 11.

The price increase for low-quality rice has been less than increases for the higher quality grades. For the week ending June 8, prices for Thailand's A-1 Super 100 percent broken were quoted at \$315 per ton, up \$5 from the week ending May 11.

Vietnam's price quotes from recent tenders are below the official minimum export prices, although actual sales will remain light until harvest of the summer-autumn crop begins next month. For the week ending June 9, price quotes for Vietnam's 5 percent broken reflect a price of around \$410 per ton, about \$50 below the minimum export price.

Export price quotes for U.S. long-grain milled rice have dropped about 5 percent from a month earlier, partly due to a lack of new business. For the week ending June 9, price quotes for high-quality southern long-grain rice (No. 2, 4-percent broken, bagged, free alongside vessel, U.S. Gulf port) were quoted at \$502 per ton, down \$27 from the from the week ending May 5. U.S. prices (adjusted to reflect the fob vessel price) are currently more than \$60 below Thailand's price quotes. However, there have been few sales of high-quality rice by Thailand at quoted prices. Price quotes for U.S. long-grain rough-rice (bulk, fob vessel, New Orleans) are reported at \$315 per ton for the week ending June 9, down \$5 from early May. Prices had actually declined to \$305 per ton in late May and early June. Recent rough-rice sales have been strong.

Price quotes for California medium-grain milled rice have dropped slightly from a month ago, but remain quite high. Prices for California package-quality medium-grain rice (sacked) for domestic sales are quoted at \$1,124 per ton for the week ending June 9, down \$78 from early May. Export price quotes (in 30-kg bags, fob vessel) are reported at \$1,150 per ton, down \$50 from early May. △